

# **Funding Statistical Development: Obstacles, Challenges, and Solutions**

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## **I. Introduction**

With the increased focus that the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action (AAA) have placed on good practices in development, aid delivery, and evidence-based policy-making, few now dispute that statistics are an integral part of the enabling environment for development. Developing countries and donor institutions alike require timely, relevant, high-quality data to inform development policies and assess their impact. Data are also crucial inputs to managing for results and ensuring mutual accountability.

## **II. Obstacles and Challenges**

The world's poorest countries, however, often lack the financial, human, and technical resources necessary to produce the statistics that their citizens and governments need to take decisions. Furthermore, many developing countries' national statistical systems (NSSs) also suffer from weak co-ordination of data production among the central office and line ministries' statistical units, poor linkages with the national planning processes, and poor dialogue with data users. Statistical managers have difficulty making their voices heard in such situations of reduced visibility of the NSS. The combination of these elements often engenders a vicious cycle of under-performance of statistical production leading to under-use of data resulting in under-funding of the statistical system.

This vicious cycle will lower the already-weakened profile of statistics relative to other sectors. Health, education, and agriculture typically attract a significant share of attention — and therefore funding — from governments and donor institutions. One can understand if a politician calculates less resistance in justifying to his/her constituents an investment in child health than an investment in a concept as abstract as statistics. Likewise, when deciding where to invest their aid, decision makers in donor institutions are equally constrained by this perception. On multiple fronts is statistical development therefore in stiff competition with other sectors for limited resources.

To what do policy makers have recourse if statistics do not respond to their needs? In a 2005 paper commissioned by the Partnership in Statistics for Development in the 21st Century (PARIS21), the author Dr. Christopher Scott from the London School of Economics identified five alternatives to evidence-based policy-making. These are: (i) power and influence of sectional interests, (ii) corruption, (iii) political ideology, (iv) arbitrariness, and (v) anecdote. Scott argued that in truth these are false alternatives to evidence in forming public policy. “[A] democratic political process characterised by transparency and accountability” requires data, he wrote.

While political expediency and fear of transparency represent national obstacles potentially placed in the path of statistical development, the delivery of aid from external partners is no less wrought with pitfalls. According to the PARIS21-administered Partner Report on Support to Statistics (PRESS), aid to statistical development is often poorly aligned with national priorities as well as highly concentrated and fragmented.

The annual PRESS exercise gathers data on ongoing support to statistical development, covering a rolling three-year period. The most recently completed PRESS Round in 2010 covers support committed and disbursed from 2008 to 2010. The exercise is intended to provide a snapshot of aid to statistics so that technical and financial partners can co-ordinate their support and, with the data gathered on future projects, recipient countries can programme their activities.

## **IIA. Aid Misalignment**

The Paris Declaration principle of alignment calls on donors to “base their overall support on partner countries’ national development strategies, institutions and procedures.” However, figures from the 2010 PRESS Round suggest that a little less than a third of aid to statistics is aligned with nationally approved statistical strategies.

PRESS respondents were asked if their reported activity was aligned with the country’s National Strategy for the Development of Statistics (NSDS) or other statistical planning process. Of the responses received, 50% confirmed that the supported activity was indeed aligned, 6% responded that it was not, and the remaining 44% answered that they did not know. Those activities where donors confirmed alignment with NSDSs represent 31% of global estimated commitments. To appreciate these figures, it is important to recognise that — according to PARIS21’s NSDS progress report of November 2010 — 78% of the 118 countries covered by the PRESS (International Development Association borrowers, lower middle income countries, and the whole of the African continent) were either implementing or designing an NSDS (or other form of strategic statistical plan).

## **IIB. Aid Concentration**

PRESS figures also show that aid to statistics is highly concentrated in a small number of aid darlings. In the 2010 Round, a mere fifteen countries (Nigeria, India, Mozambique, Afghanistan, Kenya, Sudan, Ukraine, Haiti, Ethiopia, Tanzania, Malawi, Pakistan, Albania, Burkina Faso, and Mali) had estimated commitments that combined to equal 45% of total estimated commitments worldwide and 48% of total country-specific commitments.

Fragile states have received significant attention in recent years, with several international processes calling for increased and more effective support to these challenging environments. While commitments to fragile states exceeded US\$ 524M over the period 2008–10 (representing 33% of global totals), PRESS data show that aid was highly concentrated within this sample of countries. The three fragile states receiving the most commitments — Nigeria, Afghanistan, and Kenya — combined to total over half (52%) of all statistical aid to fragile states.

## **IIC. Aid Fragmentation**

In response to a call in the 2008 AAA to “reduce the fragmentation of aid by improving the complementarity of donors’ efforts and the division of labour among donors,” the OECD’s Development Co-

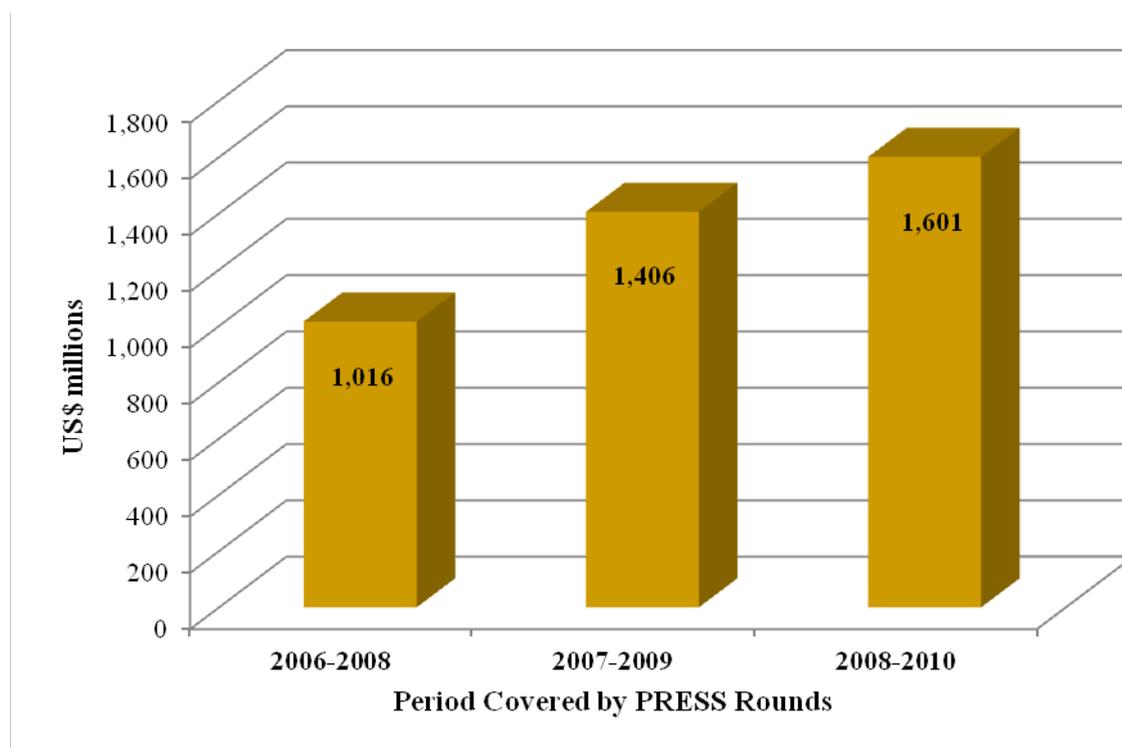
operation Directorate (DCD) measures donor efforts to reduce aid fragmentation in its *Report on Division of Labour*. The intention of the report is to shine a light on a problem that many developing countries face: “too little aid from too many donors.”

By applying the DCD-developed methodology to PRESS figures, one finds that 37.5% of aid relationships among the top 15 recipients mentioned above fell into the “non-significant” category. These relationships represented only 4.0% of commitments to statistics to these countries. This means that more than one-third of aid relationships accounted for only one-twenty-fifth of financial aid to statistics in these countries.

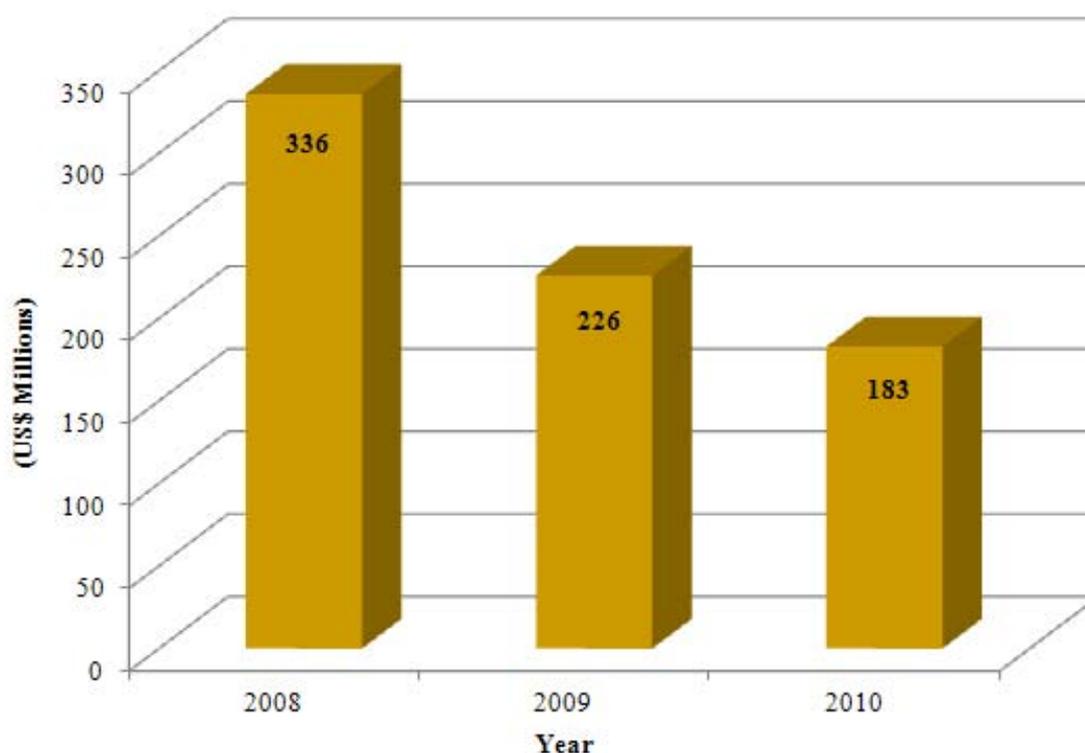
### IID. Trends in Aid Flows

PRESS figures show that, despite the recent financial crisis, global estimated commitments to statistical development have actually increased over the past three PRESS rounds. Figure 1 below illustrates an increase in estimated commitments by approximately 60% between the 2008 and 2010 PRESS Rounds, although it is recognised that this may be due in part to an increased response rate of PRESS reporters (48 reporters in 2008 and 63 in 2010). It should be further noted that these figures include the amount of the commitment over the life of the project, even if the project dates precede and/or surpass the Round’s three-year cycle.

**Figure 1: Comparison of Global Estimated Commitments over Past Three PRESS Rounds**



Looking more closely at the numbers in the 2010 PRESS round, however, the individual years within this three-year cycle have seen a sharp decline in commitments. Figure 2 below shows that estimated commitments dropped 46% between 2008 and 2010.

**Figure 2: Trend in Global Estimated Commitments over Past Three Years**

It should be noted that the amounts in Figure 2 refer only to estimated commitments during the years in question (and not over the life of the projects, as is the case in Figure 1 above). Nevertheless, the drop is precipitous.

Furthermore, the share of aid to statistics relative to total Official Development Assistance (ODA) has declined. In the period 2006–08, the share was 0.23% and in 2007–09 it had decreased to 0.19%. Disaggregated ODA figures that would allow the calculation of this percentage for 2010 were not available at the time the present paper was written; however, the Development Assistance Committee (DAC) announced in April 2011 that ODA flows from DAC members in 2010 would exceed USD 128.7 billion, the highest real ODA level ever. Furthermore, a recent OECD survey suggests that most donors will increase aid over the coming three years, albeit at a reduced rate. Therefore, since the trend in support to statistics would appear to be downward (see Figure 2) and ODA figures for 2010 and beyond are expected to rise, the share of aid to statistics relative to total ODA is likely to sink even further in the future.

### III. Proposed Solutions

The poor alignment, high concentration, and considerable fragmentation of aid to statistics — combined with the downward trend in aid flows to statistical development — suggest that aid delivery is exacerbating an already difficult situation. Developing countries must therefore organise themselves in order to mobilise resources and maximise their impact. Several mutually enhancing solutions are available to address these issues.

An over-arching solution is the design and implementation of an NSDS. Internationally recognised as the benchmark in strategic statistical planning, the NSDS approach provides a country with a strategy for developing statistical capacity across the entire NSS. The NSDS will provide a vision for where the NSS

should be in five to ten years and will set milestones for getting there. It will present a comprehensive and unified framework for continual assessment of evolving user needs and priorities for statistics and for developing the capacity needed to meet these needs in a more co-ordinated, synergistic, and efficient manner. It will also provide a framework for mobilising, harnessing, and leveraging resources (both national and international) and a basis for effective and results-oriented strategic management of the NSS. The NSDS is a framework around which countries and their donor communities can agree on priorities and align/co-ordinate funding.

In addition, the NSDS offers a golden opportunity for countries to improve the environment in which the NSS works. For example, in recent years, a number of countries have taken the important step of revising their statistical legislation. Two case studies warrant particular attention.

In **Lao PDR**, a 17-year twinning arrangement with Sweden recently came to an end, leaving a vacuum of donor support to the statistical system. The Lao Department of Statistics (DoS) was left with three separate strategic statistical planning processes and shrinking donor support. The DoS consolidated the three strategies into a single, system-wide NSDS, drawing on the priorities and input of actors within the NSS and the community of donors. The DoS took advantage of the opportunity to draft a new statistics law that upgrades the department into a sub-ministry, allocates greater authority to the DoS to co-ordinate the NSS, and makes provisions to establish a national statistical council and a country–donor co-ordination group. The country then set 30 June as a national statistics advocacy day to mark the signature of the new law and draw attention to the statistical system with annual celebrations.

While Lao PDR was reacting to the departure of their primary donor, the island nation of **Grenada** acted in response to the financial crisis. At a July 2009 high level Caribbean forum on statistics held in Trinidad and Tobago, the director of statistics from the Grenada Central Statistics Office (CSO) presented his country's experience in reforming the statistical infrastructure in response to the crisis. Among the constraints the CSO experienced were a lack of autonomy, inadequate budgetary support, a weak legal framework, and low capacity in line ministry statistical units. The country implemented a reform process to address these issues by updating the statistical act to privatise certain statistical functions, transform the CSO into an autonomous body, and establish a National Statistics Advisory Council.

Both country cases demonstrate not only the need to adapt legislation to evolving political and financial climates but also the utility of establishing co-ordination mechanisms, both within the country and between the country and its community of donors.

In fact, to co-ordinate the various producers of statistics in the NSS, countries often inscribe within their statistical law the establishment of a National Statistical Council (NSC). An NSC can be instrumental in reducing the duplication of data collection activities and in setting priorities across the NSS. Co-ordination is also essential in the community of donors supporting statistical development in a country. The projects and programmes that technical and financial partners (TFPs) support run the risk of duplicating the efforts of their colleagues if they do not share information. To harmonise their interventions, TFPs can form co-ordination groups in which donors and the country discuss statistical issues and support, often centred on the implementation of the country's NSDS. Co-ordination at these two levels — within the national statistical system and within the donor community that supports it — requires a minimum of good-faith effort on the part of all stakeholders, so that the aid programmes of the latter are harmonised among one another and aligned with the priorities defined by the former. It is recognised that NSCs and country–donor co-ordination groups in statistics often exist on paper while in reality rarely convene. National statistical managers

therefore have a responsibility to energise these partnerships and apply constant advocacy pressure to ensure these mechanisms fulfil their mandates.

Another tool at countries' disposal is a pilot exercise recently launched by PARIS21 called the Country Report on Support to Statistics (CRESS), which is the country-level counterpart to the PRESS. The CRESS is an initiative led by the country (ideally, the NSC) to gather all data relating to the funding of the NSS, whether deriving from national resources or donor support. The ultimate objective is to improve efficiency of the NSS through better co-ordination and better information sharing. The PRESS is an important initial input into the CRESS, which is itself an important input into NSDS design. The inventory of support to the NSS that the CRESS provides will help the country identify gaps in funding the implementation of the NSDS and eliminate duplication of development interventions.

#### **IV. Conclusions**

Many statistical systems in developing countries — which provide crucial inputs to national and international policy making — are hobbled by a number of internal and external obstacles. Activities within the system are often poorly co-ordinated, linkages between the statistical community and policy makers are often very weak, too infrequently do statisticians consult with their users, and higher-profile sectors outpace the statistical sector in garnering public attention. Aid to these statistical systems, in particular since the 2008 financial crisis, has — by most measures — fallen. But the sinking volume of aid to statistics is not the only concern: PRESS figures show that the support that is allocated to statistical development is poorly aligned with nationally agreed priorities, highly concentrated in a small number of aid darlings, and considerably fragmented.

Nevertheless, several solutions are available to address these issues. The modernisation of statistical legislation enables a country to reposition the central statistical office to wield greater authority in setting priorities across the system and in co-ordinating statistical units in line ministries, thereby reducing the duplication of effort and the squandering of resources. This co-ordination can take two primary forms: a national statistical council composed of data producers and users within a country and a country–donor co-ordination group where national stakeholders and external partners identify and fill gaps in funding. An important input into such discussions is a CRESS, which outlines all support — both from national sources and donor institutions — to the NSS. All of the above tools can be encompassed within the framework of an NSDS. A participatory process for consolidating, rationalising, and developing statistics across an NSS, the NSDS enables countries to corral all statistical planning and attract government and donor support under a single umbrella. The streamlined, co-ordinated, and funded NSS that an NSDS process delivers is all the more necessary in times of financial crisis when funders' purse strings are tightened yet policy makers are all the more clamorous in their demands for data.

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